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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-QSB**

☒ [X]
QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period from July 1, 2004 to September 30, 2004

☐ []
TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 000-50535

INFINIUM LABS, INC.

(Exact name of small business issuer as specified in its charter)

Delaware 65-1048794
(State or other jurisdiction Identification No.) (IRS Employer of incorporation or organization).)

2033 Main Street, Suite 309, Sarasota, Florida 34237
(Address of Principal Executive Offices) (Zip Code)

(941) 917-0788
Issuer's telephone number, including area code

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ [X] Yes ☐ [] No

Transitional Small Business Disclosure Format (Check one): Yes ☐ [] No ☒ [X]

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date. There were 111,112,459 shares of common stock, par value \$.0001 per share, issued and outstanding as of November 12, 2004.

SEC 2334 (8-03) Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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**INFINIUM LABS, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
CONDENSED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2004
(UNAUDITED)**

**INFINIUM LABS, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)**

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INFINIUM LABS, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
Condensed Consolidated Balance Sheet as of September 30, 2004
(Unaudited)

ASSETS

Current Assets:

Cash	\$ 20,991
Prepaid expenses	53,000
Total Current Assets	<u>73,991</u>

Property and Equipment, Net	905,795
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Other Assets:

Deposits	34,590
Intangible asset, net (Note 3)	270,990
Total Other Assets	<u>305,580</u>

Total Assets	\$ <u>1,285,366</u>
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LIABILITIES AND STOCKHOLDERS' DEFICIENCY

Current Liabilities:

Accounts payable	\$ 2,697,798
Accrued interest expense	223,142
Accrued payroll and payroll taxes	484,539
Promissory notes (Note 4)	<u>7,280,044</u>

Total Liabilities	<u>10,685,523</u>
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Stockholders' Deficiency:

Common stock, \$0.0001 par value, 200,000,000 shares authorized, 104,712,093 shares issued and outstanding, (Note 5)	10,471
Additional paid-in capital (Note 5)	17,864,197
Subscription receivable	(22,517)
Accumulated deficit during development stage	<u>(27,252,308)</u>

Total Stockholders' Deficiency	<u>(9,400,157)</u>
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Total Liabilities and Stockholders' Deficiency	\$ <u>1,285,366</u>
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See accompanying Notes to Condensed Financial Statements.

INFINIUM LABS, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
Condensed Statements of Operations
(Unaudited)

	For the Three Months Ended September 30, 2004 (Consolidated)	For the Three Months Ended September 30, 2003	For the Nine Months Ended September 30, 2004 (Consolidated)	For the Nine Months Ended September 30, 2003	For the Period from December 9, 2002 (Inception) to September 30, 2004 (Consolidated)
Operating Expenses:					
Development costs	\$ 503,265	\$ 81,962	\$ 1,755,209	\$ 111,962	\$ 2,160,559
Advertising	472,605	12,461	1,041,539	24,746	1,208,159
Salary expense	1,768,024	61,037	4,121,005	82,292	4,121,005
Professional fees	414,815	435,863	2,003,514	470,294	2,695,974
Consultants	2,854,625	-	8,039,752	-	8,918,537
General and administrative	837,322	86,404	3,492,132	128,716	4,219,290
Total Operating Expenses	<u>6,850,656</u>	<u>677,727</u>	<u>20,453,151</u>	<u>818,010</u>	<u>23,323,524</u>
Net Loss from Operations	<u>(6,850,656)</u>	<u>(677,727)</u>	<u>(20,453,151)</u>	<u>(818,010)</u>	<u>(23,323,524)</u>
Other Income (Expense):					
Interest income	-	-	-	-	37
Interest expense	<u>(822,428)</u>	<u>-</u>	<u>(3,922,041)</u>	<u>-</u>	<u>(3,928,821)</u>
Total Other Income (Expense)	<u>(822,428)</u>	<u>-</u>	<u>(3,922,041)</u>	<u>-</u>	<u>(3,928,784)</u>
Loss before Income Taxes	<u>(7,673,084)</u>	<u>(677,727)</u>	<u>(24,375,192)</u>	<u>(818,010)</u>	<u>(27,252,308)</u>
Income Taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Loss	<u>\$ (7,673,084)</u>	<u>\$ (677,727)</u>	<u>\$ (24,375,192)</u>	<u>\$ (818,010)</u>	<u>\$ (27,252,308)</u>
Per Common Share					
Loss per common share – basic and diluted	<u>\$ (0.08)</u>	<u>\$ (0.01)</u>	<u>\$ (0.26)</u>	<u>\$ (0.01)</u>	<u>\$ (0.48)</u>
Weighted average – basic and diluted	<u>101,507,725</u>	<u>58,142,912</u>	<u>95,387,254</u>	<u>58,142,912</u>	<u>56,589,404</u>

See accompanying Notes to Condensed Financial Statements.

INFINIUM LABS, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
Condensed Statement of Stockholders' Deficiency
For the Period from December 9, 2002 (Inception) to September 30, 2004
(Unaudited)

	Common Stock		Additional	Accumulated	Stock	
	Shares	Amount	Paid-In	Deficit	Subscriptions	Total
			Capital	During	Receivable	
				Development		
				Stage		
Stock issued to founders (\$0.0004 per share)	58,189,728	\$ 5,819	\$ 12,703	\$ -	\$ (18,517)	\$ 5
Stock issued for cash (\$0.12 per share)	4,423,012	442	526,261	-	-	526,703
Stock issued for services (\$0.3775 per share)	2,957,376	296	1,112,709	-	-	1,113,005
Net loss for the period from December 9, 2002 (inception) to October 31, 2003	-	-	-	(2,270,129)	-	(2,270,129)
Balance, October 31, 2003	65,570,116	6,557	1,651,673	(2,270,129)	(18,517)	(630,416)
Stock issued for cash (\$0.257 per share)	2,169,148	217	611,671	-	(4,000)	607,888
Stock issued for signage rights (\$0.3175 per share)	942,600	94	299,906	-	-	300,000
Stock issued for services (\$0.3175 per share)	434,036	43	138,097	-	-	138,140
Net loss for the two months ended December 31, 2003	-	-	-	(606,987)	-	(606,987)
Balance, December 31, 2003	69,115,900	6,911	2,701,347	(2,877,116)	(22,517)	(191,375)
Recapitalization of Global Business Resources	16,156,000	1,615	(1,615)	-	-	-
Shares issued for cash (\$0.25 per share)	6,650,000	665	1,661,835	-	-	1,662,500

See accompanying Notes to Condensed Financial Statements.

INFINIUM LABS, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
Condensed Statement of Stockholders' Deficiency
For the Period from December 9, 2002 (Inception) to September 30, 2004
(Unaudited)

	Common Stock Shares	Amount	Additional Paid-In Capital	Accumulated Deficit During Development Stage	Stock Subscriptions Receivable	Total
Shares issued with note payable (\$1.475 per share)	240,000	24	353,976	-	-	354,000
Shares issued for settlement (\$1.475 per share)	66,668	7	98,328	-	-	98,335
Shares issued for services (\$1.475 per share)	1,750,000	175	2,581,075	-	-	2,581,250
Shares issued with note payable (\$1.47 per share)	7,500	-	11,025	-	-	11,025
Shares issued with note payable (\$1.42 per share)	200,000	20	283,980	-	-	284,000
Shares issued with note payable (\$1.475 per share)	100,000	10	147,490	-	-	147,500
Shares issued with note payable (\$1.13 per share)	60,000	6	67,794	-	-	67,800
Shares issued with note payable (\$1.43 per share)	33,000	3	47,187	-	-	47,190
Shares issued with note payable (\$1.475 per share)	511,000	51	753,674	-	-	753,725
Share issued for loan default penalty (\$1.475 per share)	74,999	8	110,616	-	-	110,624
Share issued for loan default penalty (\$1.13 per share)	75,000	8	84,742	-	-	84,750
Share issued for loan default penalty (\$1.475 per share)	80,000	8	117,992	-	-	118,000

See accompanying Notes to Condensed Financial Statements.

INFINIUM LABS, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
Condensed Statement of Stockholders' Deficiency
For the Period from December 9, 2002 (Inception) to September 30, 2004
(Unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit During Development Stage	Stock Subscriptions Receivable	Total
Share issued for loan default penalty (\$1.56 per share)	603,038	61	942,487	-	-	942,548
Shares issued for loan default penalty (\$1.47 per share)	955,312	96	1,404,213	-	-	1,404,309
Shares issued for cash (\$2.50 per share)	40,000	4	99,996	-	-	100,000
Shares issued for settlement (\$1.455 per share)	53,332	5	77,560	-	-	77,565
Shares issued for cash (\$2.00 per share)	100,000	10	199,990	-	-	200,000
Share issued to consultants for services (\$1.44 per share)	830,000	83	1,195,117	-	-	1,195,200
Share issued to consultants for services (\$1.475 per share)	100,000	10	147,490	-	-	147,500
Share issued to consultants for services (\$1.60 per share)	279,260	28	446,788	-	-	446,816
Share issued to consultants for services (\$0.92 per share)	440,000	44	404,756	-	-	404,800

See accompanying Notes to Condensed Financial Statements.

INFINIUM LABS, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
Condensed Statement of Stockholders' Deficiency
For the Period from December 9, 2002 (Inception) to September 30, 2004
(Unaudited)

	Common Stock Shares	Amount	Additional Paid-In Capital	Accumulated Deficit During Development Stage	Stock Subscriptions Receivable	Total
Effect of beneficial conversion of promissory notes at \$.75 per share	-	-	71,275	-	-	71,275
Shares issued for loan guaranty (\$1.04 per share)	800,000	80	831,920			832,000
Shares issued to consultants (\$1.13 per share)	1,000,000	100	1,129,900			1,130,000
Share issued to consultants for services (\$0.64 per share)	21,460	2	13,732			13,734
Share issued to consultants for services (\$0.61 per share)	200,000	20	121,980			122,000
Share issued to consultants for services (\$0.60 per share)	36,000	4	21,416			21,420
Share issued to consultants for services (\$0.60 per share)	1,933,224	193	1,162,251			1,162,444
Stock issued to employees (\$0.33 per share)	300,000	30	98,970			99,000
Shares issued for cash (\$0.25 per share)	1,900,400	190	474,910			475,100
Net loss for the nine months ended September 30, 2004	-	-	-	(24,375,192)	-	(24,375,192)
<u>BALANCE, SEPTEMBER 30, 2004</u> <u>(CONSOLIDATED)</u>	104,712,093	\$ 10,471	\$ 17,864,197	\$ (27,252,308)	\$ (22,517)	\$ (9,400,157)

See accompanying Notes to Condensed Financial Statements.

INFINIUM LABS, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
Condensed Statement of Cash Flow
(Unaudited)

	For the Nine Months Ended September 30, 2004 (Consolidated)	For the Nine Months Ended September 30, 2003	For the Period from December 9, 2002 (Inception) to September 30, 2004 (Consolidated)
Cash Flows from Operating Activities:			
Net loss	\$ (24,375,192)	\$ (818,010)	\$ (27,252,308)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	169,251	-	174,571
Common stock issued for services	8,001,964	-	9,253,110
Common Stock issued to employees	99,000	-	99,000
Common stock issued for legal settlements	175,900	-	175,900
Common stock issued for interest	2,731,505	-	2,731,505
Amortization of interest expense	894,999	-	907,499
Changes in operating assets and liabilities:			
Decrease (increase) in current assets:			
Other receivables	148,314	7,314	-
Deposits	(27,100)	-	(34,590)
Prepaid expense	42,727	-	(53,000)
Increase (decrease) in current liabilities:			
Accounts payable	2,821,400	457,043	3,405,479
Net Cash Provided by (Used in) Operating Activities	<u>(9,317,232)</u>	<u>(353,653)</u>	<u>(10,592,834)</u>
Cash Flows from Investing Activities:			
Purchase of property and equipment	(883,274)	(116,084)	(1,051,356)
Net Cash Used in Investing Activities	<u>(883,274)</u>	<u>(116,084)</u>	<u>(1,051,356)</u>
Cash Flows from Financing Activities:			
Repayments of notes payable	(475,000)	-	(475,000)
Proceeds from stockholder	-	3,843	4,940
Payments to stockholder	(4,940)	-	(4,940)
Proceeds from sale of common stock	4,158,040	75,000	5,292,636
Promissory note	6,497,545	446,468	6,847,545
Net Cash Provided by Financing Activities	<u>10,175,645</u>	<u>525,311</u>	<u>11,665,181</u>
NET INCREASE (DECREASE) IN CASH	(24,861)	55,574	20,991
CASH AT BEGINNING OF PERIOD	45,852	-	-
CASH AT END OF PERIOD	<u>\$ 20,991</u>	<u>\$ 55,574</u>	<u>\$ 20,991</u>

Supplemental Disclosure of Cash Flow Information:

Cash paid for interest	\$ 213,200	\$ -	\$ 219,980
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Supplemental Disclosure of Non-Cash Investing and Financing Activities:

During 2003, the Company issued 235,600 shares of common stock with a fair value of \$300,000 for intangible signage rights.

See accompanying Notes to Condensed Financial Statements.

INFINIUM LABS, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
Notes to Condensed Financial Statement (Unaudited)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION

(A) Basis of Presentation

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules and regulations of the Securities and Exchange Commission for interim financial information. Accordingly, they do not include all the information necessary for a comprehensive presentation of financial position and results of operations.

It is management's opinion however, that all material adjustments (consisting of normal recurring adjustments) have been made which are necessary for a fair financial statements presentation. The results for the interim period are not necessarily indicative of the results to be expected for the year.

(B) Organization

Infinium Labs, Inc. ("Infinium") a Delaware corporation located in Sarasota, Florida, is a development stage company, and as such has devoted most of its efforts since inception to developing its business plan, issuing common stock, raising capital and developing its products.

Infinium is positioned to be a leader in the pervasive gaming/interactive entertainment market by introducing, marketing and selling the *Phantom Game Service* ("Phantom"), an innovative broadband game delivery system designed to revolutionize and improve upon the way consumers purchase and play games and to expand the methods by which the \$20 billion game industry does business. This new service, leveraging strong growth trends in broadband households, home networking as well as enormous consumer interest in new areas of digital entertainment, has the potential to open up game play to entirely new market segments and develop revenue models not currently recognized by the conventional industry players. The *Phantom Game Service* is designed to allow consumers to try or purchase from a large library of games, from the comfort of their living room, simply by selecting a title from an extensive catalog of games. The broad selection will allow families to enjoy classic board-based games, allow children to play interactive educational games, and allow moderate to hardcore gamers to have the ability to play sophisticated, graphics-intensive games. The Company's service also will have the capacity to allow multiplayer tournaments and contests, both against other subscribers and against PC gamers. The subscriber can access all of this without ever having to go to a store to purchase games.

INFINIUM LABS, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
Notes to Condensed Financial Statement (Unaudited)

(C) Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates.

(D) Research and Development Costs

The Company's software products reach technological feasibility shortly before the products are released for manufacturing. Costs incurred after technological feasibility is established are not material, and accordingly, the Company expenses all research and development costs when incurred.

(E) Loss Per Share

Basic and diluted net loss per common share is computed based upon the weighted average common shares outstanding as defined by statement of Financial Accounting Standards "SFAS" No. 128, "Earnings per Share." As of September 30, 2004 and 2003, the effect of common share equivalents was anti-dilutive and not included in the calculation of diluted net loss per common share.

(F) Advertising

Advertising costs are expensed either in the periods in which those costs are incurred or the first time the advertising takes place.

(G) Business Segments

The Company operates in one segment and therefore segment information is not presented.

INFINIUM LABS, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
Notes to Condensed Financial Statement (Unaudited)

(H) Recent Accounting Pronouncements

In January 2003, the Financial Accounting Standards Board ("FASB") issued Financial Interpretation ("FIN") No. 46, "Consolidation of Variable Interest Entities, and Interpretation of ARB 51". FIN No. 46 provides guidance on the identification of entities of which control is achieved through means other than voting rights ("variable interest entities" or "VIE's") and how to determine when and which business enterprise should consolidate the VIE (the "Primary Beneficiary"). In addition, FIN No. 46 required that both the Primary Beneficiary and all other enterprises with a significant variable interest in a VIE make additional disclosures. The transitional disclosure requirements of FIN No. 46 are required in all financial statements initially issued after January 31, 2003, if certain conditions are met. The adoption of this pronouncement did not have a material effect on the Company's financial position or results of operations.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities". SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". The changes in SFAS No. 149 improve financial reporting by requiring that contracts with comparable characteristics be accounted for similarly. This statement is effective for contracts entered into or modified after September 30, 2003 and all of its provisions should be applied prospectively.

In May 2003, the FASB issued SFAS No. 150, "Accounting For Certain Financial Instruments with Characteristics of both Liabilities and Equity". SFAS No. 150 changes the accounting for certain financial instruments with characteristics of both liabilities and equity that, under previous pronouncements, issuers could account for as equity. The new accounting guidance contained in SFAS No. 150 requires that those instruments be classified as liabilities in the balance sheet.

SFAS No. 150 affects the issuer's accounting for three types of freestanding financial instruments. One type is mandatorily redeemable shares, which the issuing company is obligated to buy back in exchange for cash or other assets. A second type includes put options and forward purchase contracts, which involve instruments that do or may require the issuer to buy back some of its shares in exchange for cash or other assets. The third type of instruments that are liabilities under this Statement is obligations that can be settled with shares, the monetary value of which is fixed, tied solely or predominantly to a variable such as a market index, or varies inversely with the value of the issuer's shares. SFAS No. 150 does not apply to features embedded in a financial instrument that is not a derivative in its entirety.

INFINIUM LABS, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
Notes to Condensed Financial Statement (Unaudited)

Most of the provisions of SFAS No. 150 are consistent with the existing definition of liabilities of FASB Concepts Statement No. 6, "Elements of Financial Statements". The remaining provisions of this statement are consistent with the FASB's proposal to revise that definition to encompass certain obligations that a reporting entity can or must settle by issuing its own shares. This statement is effective for financial instruments entered into or modified after May 31, 2003 and otherwise shall be effective at the beginning of the first interim period beginning after September 15, 2003. The adoption of these pronouncements did not have a material effect on the Company's financial position or results of operations.

NOTE 2 REVERSE MERGER

On January 5, 2004, Global Business Resources, Inc. consummated an agreement with Infinium Labs, Inc. a Delaware corporation, pursuant to which Infinium Labs, Inc. exchanged all of its then issued and outstanding shares of common stock for 807,800 (16,156,000 post-split) shares or approximately 81% of the common stock of Global Business Resources, Inc. As a result of the agreement, the transaction was treated for accounting purposes as a capital transaction and recapitalization by the accounting acquirer (Infinium Labs, Inc.) and as reorganization by the accounting acquiree (Global Business Resources, Inc.). Subsequent to the merger, Global Business Resources, Inc. changed its name to Infinium Labs, Inc.

Accordingly, the financial statements include the following:

- (1) The balance sheet consists of the net assets of the acquirer at historical cost and the net assets of the acquiree at historical cost.
- (2) The statement of operations includes the operations of the acquirer for the periods presented and the operations of the acquiree from the date of the merger.

NOTE 3 INTANGIBLE ASSETS

During 2003, the Company entered into an agreement for the signage rights to a building located in Sarasota, Florida. The agreement called for the Company to issue (300,000 pre-reverse merger) shares of common stock in exchange for signage rights beginning April 1, 2004 through May 31, 2009. The shares were valued at the recent cash offering price aggregating \$300,000. The Company will amortize the cost over the life of the agreement. As of September 30, 2004, the Company has amortized \$29,010 of expense of the signage rights.

INFINIUM LABS, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
Notes to Condensed Financial Statement (Unaudited)

NOTE 4 NOTES PAYABLE

During 2003, the Company received \$275,000, net of offering costs of \$25,000 in the form of a 20% secured convertible debenture that matures on February 28, 2004 and is guaranteed by the Company's Chairman and Chief Executive officer. The maximum borrowings available under the debenture agreement are \$750,000. The debenture is secured by all of the Company's assets and is convertible in its entirety at the option of the holder into the Company's common stock at a conversion price of \$1.00. There was no beneficial conversion recognized on the issuance of the convertible notes payable as the conversion price was equal to recent cash offering price. During February 2004, the entire convertible note was repaid with cash of \$275,000. At September 30, 2004, the outstanding balance on the convertible debenture was \$0.

During 2003, the Company entered into a \$100,000 convertible note payable in full settlement of a lawsuit. The note is non-interest bearing and is due August 11, 2004. The note is convertible at the option of the note holder at any time at the current trading price of the Company's common stock. During February 2004, the entire convertible note was repaid with cash of \$100,000. At September 30, 2004, the balance on the note payable was \$0.

In February 2004, the Company authorized a private debt offering of secured 12% and 15% promissory notes with due dates one year from the date of issuance, within sixty days of the Company's SB-2 becoming effective or upon the Company receiving an equity investment of at least \$15,000,000. For each loan to the Company, the lender was also entitled to 20,000 shares of the Company's common stock. During the three months ended September 30, 2004, the Company issued an aggregate of \$2,400,000 promissory notes and issued 240,000 common shares. The shares were treated as a discount to the private offering, and the shares were valued at \$354,000 based on the market price on the dates the funds were received.

On February 27, 2004, the Company borrowed \$500,000 under a 12% secured subordinated debenture for a maximum term of 12 months. As additional consideration, the Company issued to the holder 200,000 shares of common stock having a fair value of \$284,000.

On April 7, 2004, the Company borrowed \$500,000 under a 15% promissory note which is payable on December 15, 2004.

On May 7, 2004, the Company borrowed under a 15% promissory note for \$100,000, which was subsequently repaid on June 7, 2004. As additional consideration, the Company issued the holder 40,000 shares of common stock having a fair value of \$55,200. The note was fully paid off as of September 30, 2004.

INFINIUM LABS, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
Notes to Condensed Financial Statement (Unaudited)

On May 7, 2004, the Company borrowed \$250,000 under a 15% promissory note, which was payable on September 15, 2004. In addition, the holder received 100,000 shares of common stock with a fair value of \$147,500.

On May 19, 2004, the Company borrowed \$417,260 under a 15% secured promissory note, which is payable June 3, 2004.

On May 28, 2004, the Company borrowed \$350,000 under a 15% secured promissory note, which is payable August 1, 2004. As additional consideration, the Company issued the holder 33,000 shares of common stock having a fair value of \$47,190.

On May 28, 2004, the Company borrowed \$350,000 under a 15% promissory note which was payable on June 8, 2004. As additional consideration, the Company issued the holder 7,500 shares of common stock having a fair value of \$11,025.

On June 4, 2004, the Company borrowed \$825,000 under a 15% secured convertible promissory note, which was payable no later than June 3, 2005. As additional consideration, the Company issued the holder 511,000 shares of common stock having a fair value of \$753,725. The Company recognized beneficial conversion on the promissory note of \$71,275.

On June 21, 2004, the Company borrowed \$1,500,000 under a 15% promissory note, which was payable no later than June 22, 2005. As additional consideration, the Company issued the holder 60,000 shares of common stock having a fair value of \$67,800.

On July 15, 2004, the company borrowed \$250,000 under a non interest bearing promissory note, which is payable January 31, 2005.

On July 28, 2004, the Company borrowed \$500,000 under a 15% promissory note which is payable on July 28, 2005. As consideration for a Director's personal guaranty of note, the Company issued the Director 800,000 shares of common stock having a fair value of \$832,000.

On September 13, 2004, the Company borrowed \$350,000 under a 15% secured promissory note, which is payable September 13, 2005.

Note payable - face value	\$	8,192,260
Note payable – discount		<u>912,216</u>
	\$	<u><u>7,280,044</u></u>

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Notes to Condensed Financial Statement (Unaudited)

The discount from the face value of the promissory notes is being amortized over the life of the promissory notes as additional interest expense. During the three and nine month periods ended September 30, 2004, the Company has recorded interest expense from the discounts of \$495,047 and \$879,499, respectively.

All of these transactions were exempt from the registration requirements of Section 4(2) of the Securities Act as transactions not involving a public offering.

NOTE 5 STOCKHOLDERS' DEFICIENCY

(A) Stock Issued for Cash

During 2002, the Company issued 58,189,728 shares of common stock to its founder for \$18,522 (\$0.0004 per share).

During 2003, the Company issued 4,423,012 shares of common stock for cash of \$526,703 (\$0.12 per share).

During 2003, the Company issued 1,748,380 shares of common stock for \$545,216 (\$0.28 per share), net of offering costs of \$11,239.

During 2003, the Company issued 420,768 shares of common stock for \$66,672 (\$0.16 per share).

During 2004, the Company issued 6,650,000 shares of common stock for \$1,662,500 (\$0.25 per share).

During 2004, the Company issued 40,000 shares of common stock for cash of \$100,000 (\$2.50 per share).

During 2004, the Company issued 1,900,400 shares of common stock for \$475,100 (\$0.25 per share). In connection with this transaction, the Company issued 2,022,900 warrants to purchase common stock exercisable at a price of \$0.25.

On August 26, 2004, the Company issued 100,000 shares of common stock for \$200,000 (\$2.00 per share).

INFINIUM LABS, INC. AND SUBSIDIARY
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(B) Stock Issued for Services

During 2002, the Company issued 2,957,376 shares of common stock for software development services valued for financial accounting purposes at \$1,113,005 (\$0.3775 per share) based upon recent cash offering prices.

During 2003, the Company issued 434,036 shares of common stock for software development services valued for financial accounting purposes at \$138,140 (\$0.3175 per share) based upon recent cash offering prices.

During 2003, the Company issued 942,600 shares of common stock for signature rights valued for financial accounting purposes at \$300,000 (\$0.3175 per share) based upon recent cash offering prices.

During 2004, the Company issued 1,750,000 shares of common stock for software development and consulting services with a fair value of \$2,581,250 (\$1.475 per share).

During 2004, the Company issued 279,260 shares of common stock for services with a fair value of \$446,816 (\$1.60 per share).

During 2004, the Company issued 830,000 shares of restricted common stock for services to three consultants having a fair value of \$1,195,200 (\$1.44 per share).

During 2004, the Company issued 440,000 shares of restricted common stock for services with a fair value of \$404,800 (\$.92 per share).

During 2004, the Company issued 100,000 shares of our restricted common stock for services with a fair value of \$147,500 (\$1.475 per share).

During 2004, the Company issued 1,933,224 shares to consultants for services with a fair value of \$1,162,444 (\$0.60 per share).

On July 28, 2004, as consideration for the Director's personal guaranty of a note payable (see Note 4), the Company issued the Director 800,000 shares of common stock having a fair value of \$832,000 (\$1.04 per share).

During August 2004, the Company issued 1,000,000 shares to consultants for real estate service with a fair value of \$1,130,000 (\$1.13 per share).

During August 2004, the Company issued 21,460 shares to a consultant for services with a fair value of \$13,734 (\$0.64 per share).

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During August, 2004, the Company issued 200,000 shares to a consultant for financial services with a fair value of \$122,000 (\$0.61 per share).

During August 2004, the Company issued 36,000 shares to a consultant for engineering services with a fair value of \$21,420 (\$0.60 per share).

On September 30, 2004, the Company issued 300,000 to employees as a bonus with a fair value of \$99,000 (\$0.33 per share).

(C) Stock Issued for Legal Settlement

During February 2004, the Company issued 66,668 shares of common stock with a fair value of \$98,335 (\$1.475 per share) in partial settlement of a lawsuit.

On June 4, 2004, the Company issued 53,332 shares of restricted common stock with a fair value of \$77,565 in final settlement of a lawsuit (\$1.455 per share).

(D) Stock Issued for Cash with Notes Payable

During 2004, the Company issued 240,000 shares of common stock with a fair value of \$354,000 as additional consideration for a note payable. The fair value of the stock was allocated from the total proceeds received on the note payable and the resulting discount on the note payable will be amortized over the life of the note (\$1.475 per share).

During 2004, the Company issued 40,000 shares of common stock with a fair value of \$55,200 as additional consideration for a note payable. The fair value of the stock was allocated from the total proceeds received on the note payable and the resulting discount on the note payable will be amortized over the life of the note (\$1.38 per share).

During 2004, the Company issued 200,000 shares of common stock with a fair value of \$284,000 as additional consideration for a note payable. The fair value of the stock was allocated from the total proceeds received on the note payable and the resulting discount on the note payable will be amortized over the life of the note (\$1.42 per share).

During 2004, the Company issued 100,000 shares of common stock with a fair value of \$147,500 as additional consideration for a note payable. The fair value of the stock was allocated from the total proceeds received on the note payable and the resulting discount on the note payable will be amortized over the life of the note (\$1.475 per share).

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During 2004, the Company issued 60,000 shares of common stock with a fair value of \$67,800 as additional consideration for a note payable. The fair value of the stock was allocated from the total proceeds received on the note payable and the resulting discount on the note payable will be amortized over the life of the note (\$1.13 per share).

During 2004, the Company issued 33,000 shares of common stock with a fair value of \$47,190 as additional consideration for a note payable. The fair value of the stock was allocated from the total proceeds received on the note payable and the resulting discount on the note payable will be amortized over the life of the note (\$1.43 per share).

During 2004, the Company issued 511,000 shares of common stock with a fair value of \$753,725 as additional consideration for a note payable. The fair value of the stock was allocated from the total proceeds received on the note payable and the resulting discount on the note payable will be amortized over the life of the note (\$1.475 per share).

During 2004, the Company issued 7,500 shares of common stock with a fair value of \$11,025 as additional consideration for a note payable. The fair value of the stock was allocated from the total proceeds received on the note payable and the resulting discount on the note payable will be amortized over the life of the note (\$1.47 per share).

(E) Stock Issued Under Loan Default Provisions

During 2004, the Company issued 74,999 shares to a note payable holder under a loan default provision with a fail value of \$110,624 (\$1.475 per share).

During 2004, the Company issued 75,000 shares to a note payable holder under a loan default provision with a fail value of \$84,750 (\$1.13 per share).

During 2004, the Company issued 80,000 shares to a note payable holder under a loan default provision with a fail value of \$118,000 (\$1.475 per share).

During 2004, the Company issued 603,038 shares to a note payable holder under a loan default provision with a fail value of \$942,548 (\$1.56 per share).

During 2004, the Company issued 955,312 shares to a note payable holder under a loan default provision with a fail value of \$1,404,309 (\$1.47 per share).

INFINIUM LABS, INC. AND SUBSIDIARY
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(F) Stock Dividend

During January 2004, the Company declared a 4 for 1 common stock dividend effected to stockholders of record on January 19, 2004. Per share and weighted average share amounts have been retroactively restated in the accompanying financial statements and related notes to reflect this dividend.

(G) Stock Issued in Reverse Merger

On January 5, 2004, the Company issued 16,156,000 (807,800 pre-split) shares of common stock for all the outstanding shares of Global Business Resources.

All of these transactions were exempt from registration requirements of Section 4(2) of the Securities Act as transactions not involving a public offering.

NOTE 6 COMMITMENTS AND CONTINGENCIES

(A) Litigation

As of September 30, 2004, the Company is not a party to any litigation other than litigation arising in the ordinary course of its business, which is not expected to have a material adverse effect on its financial condition or results of operations and has not accrued any amounts relating to any litigation.

(B) Employment Agreements

On January 3, 2004, the Company entered into an employment agreement with its Executive Vice President of Channel Sales for a period of three years unless the Company or the employee agrees to terminate the agreement within three months prior to the anniversary date. The agreement provides for an initial minimum annual salary of \$125,000, which increased to \$175,000 on September 1, 2004.

(C) Licenses

We have entered into agreements with a number of publishers to provide content for our *Phantom Game Service*. These agreements provide that we pay an advance to each publisher, which is recoupable by us against future royalties payable to these publishers under their respective agreements. We currently owe an aggregate of \$867,500 to these publishers pursuant to these agreements and if we fail to pay these advances, these agreements may be terminated.

INFINIUM LABS, INC. AND SUBSIDIARY
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Notes to Condensed Financial Statement (Unaudited)

NOTE 7 GOING CONCERN

As reflected in the accompanying financial statements, the Company is in the development stage with no sales and has a working capital deficiency of \$10,611,532. This raises substantial doubt about its ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company's ability to raise additional capital and implement its business plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Management believes that actions presently being taken to obtain additional funding and implement its business plan provide the opportunity for the Company to continue as a going concern.

NOTE 8 SUBSEQUENT EVENTS

(A) Notes Payable

On October 20, 2004, we entered into a Bridge Loan Agreement with Hazinu Ltd. pursuant to which the Lender advanced the principal amount of \$300,000 to the Company on October 21, 2004 in exchange for (i) a 10% secured promissory note in such principal amount, (ii) 500,000 shares of our common stock, and (iii) warrants to purchase 500,000 shares of our common stock.

On October 27, 2004, we entered into a Bridge Loan Agreement with JM Investors, LLC, Fenmore Holdings, LLC, Viscount Investments Limited and Congregation Mishkan Sholom pursuant to which the Lenders advanced an aggregate principal amount of \$300,000 to the Company on October 28, 2004 in exchange for (i) 10% secured promissory notes in such aggregate principal amount, (ii) 500,000 shares of our common stock and (iii) warrants to purchase an aggregate of 500,000 shares of our common stock.

(B) Common Stock Issuances

On October 8, 2004, the Company issued 40,000 shares of common stock to an employee with a fair value of \$20,000 (\$0.50 per share). This transaction was exempt from registration under Section 4(2) of the Securities Act because it did not involve a public offering.

On October 18, 2004, the Company issued 100,000 shares of common stock to an employee with a fair value of \$38,000 (\$0.38 per share). This transaction was exempt from registration under Section 4(2) of the Securities Act because it did not involve a public offering

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On October 21, 2004, the Company issued 50,000 shares of common stock for financial services with a fair value of \$15,500 (\$0.31 per share). This transaction was exempt from registration under Section 4(2) of the Securities Act because it did not involve a public offering.

On October 21, 2004, the Company issued 800,000 shares of common stock for marketing services with a fair value of \$232,000 (\$0.29 per share). This transaction was exempt from registration under Section 4(2) of the Securities Act because it did not involve a public offering.

On October 20, 2004, the Company issued 500,000 shares of common stock with a fair value of \$185,000 as additional consideration for a note payable. The fair value of the stock was allocated from the total proceeds received on the note payable and the resulting discount on the note payable will be amortized over the life of the note (\$0.37 per share). This transaction was exempt from registration under Section 4(2) of the Securities Act because it did not involve a public offering.

On October 27 2004, the Company issued 500,000 shares of common stock with a fair value of \$145,000 as additional consideration for a note payable. The fair value of the stock was allocated from the total proceeds received on the note payable and the resulting discount on the note payable will be amortized over the life of the note (\$0.29 per share). This transaction was exempt from registration under Section 4(2) of the Securities Act because it did not involve a public offering.

During 2004, the Company issued 300,000 shares of common stock to its CEO for services with a fair value of \$115,500 (\$0.385 per share).

During 2004, the Company issued 200,000 shares of common stock to its President for services with a fair value of \$77,000 (\$0.385 per share).

During 2004, the Company issued 1,748,264 shares of common stock to contractors for services with a fair value of \$605,242 (\$0.3462 per share).

During 2004, the Company issued 2,162,102 shares of common stock to employees for services with a fair value of \$832,409 (\$0.385 per share).

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations Forward Looking Statements

Certain information included in this Form 10-QSB contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements represent the Company's expectations or beliefs, including, but not limited to, statements concerning its plans, strategies, operations and objectives. For this purpose, any statements contained in this Form 10-QSB that are not statements of historical fact may be deemed to be forward-looking statements. Words such as "may," "will," "expect," "believe," "anticipate," "intend," "could," "estimate" or "continue" or similar words are intended to identify forward-looking statements, although not all forward-looking statements are identified by those words. Forward-looking statements by their nature involve substantial risks and uncertainties, certain of which are beyond the Company's control. Actual results may differ materially depending on a variety of important factors such as those described in the Company's Form 8-K filed with the Securities and Exchange Commission on January 20, 2004. All forward-looking statements speak only as of the date of this Form 10-QSB. The Company has not undertaken to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

THE MERGER

On January 5, 2004, the Company's wholly owned subsidiary merged with and into Infinium Labs Operating Corporation, with Infinium Labs Operating Corporation surviving as its wholly owned subsidiary. Infinium Labs Operating Corporation was incorporated in the State of Delaware on December 9, 2002 for the purpose of developing a video game service and system. In connection with the merger and related transactions, the Company changed its name from Global Business Resources, Inc. to Infinium Labs, Inc. Infinium Labs Operating Corporation's stockholders acquired 82.35% of the Company's outstanding common stock and its directors and officers became the Company's directors and officers. Since the completion of the merger, the Company's business has consisted of the business and operations of Infinium Labs Operating Corporation. When used in this Form 10-QSB, references to Phantom and Infinium Labs are references to its trademarks or service marks with respect to which the Company has filed applications for registration with the U.S. Patent and Trademark Office.

COMPANY OVERVIEW

We are launching the *Phantom Game Service*, an innovative broadband game delivery system designed to revolutionize and improve upon the way consumers purchase and play games and to expand the methods by which the \$20 billion game industry does business. The *Phantom* is the first "neutral" platform to deliver on-demand games, allowing consumers to search, preview and play a large selection of games online via a broadband Internet connection. The *Phantom Game Receiver* is a "family room" unit derived from existing PC technologies but custom tailored to provide a rich gaming experience and to work seamlessly with the *Phantom Game Service*. We believe that our competitive advantage lies in our unique integration of broadband receiver hardware, subscription-based service and streaming game delivery network, allowing consumers to try, purchase and play PC-based games from an unprecedented catalog of new and classic titles on-demand, right in the comfort of their living room.

To access the *Phantom Game Service*, our customers will pay a monthly subscription fee. Subscribers will have access to a number of free games and will be able to purchase or demo games from a vast library of titles. Subscribers will have access to extensive community features and will be able to learn more about the latest games and to try new release titles. If subscribers purchase a game, they will have full access to the title for the life of their subscription, as well as transparent access to any modifications, updates or additional content made available for the game.

The *Phantom Game Receiver* is a “family room” unit that is designed to fit in any typical entertainment center and be integrated into a family’s home entertainment system. The *Phantom Game Receiver* easily connects to any standard television, as well as A/V receivers, right out of the box. The *Phantom Game Receiver* accesses the *Phantom Game Service* by connecting to a broadband Internet connection, such as a cable or DSL line or through existing home networks, including wireless home networks. The *Phantom Game Receiver* is equipped with an innovative “lapboard,” which consists of a keyboard and mouse, and can also be used with a console-style game controller. The *Phantom Game Receiver* features multiple controller ports to enable multi-player gaming and additional ports to provide flexibility for specialized peripherals.

The *Phantom Game Receiver* is derived from existing PC technologies but is custom-tailored to provide a rich gaming experience and integrate with the Company’s *Phantom Game Service*. The *Phantom Game Receiver* differs from current game consoles in a number of significant respects. First, it is built from components that are not proprietary and which are readily available. Its primary components consist of a central processing unit, high-end video processor, high-speed memory, computer motherboard and large hard disk drive. The *Phantom Game Receiver* also differs from PCs in that it is designed exclusively for game play, not to perform other functions such as data processing. This dedicated functionality enables the *Phantom Game Receiver* to preserve operating resources in order to provide powerful game-play performance.

Additionally, the *Phantom Game Receiver* does not use external media to play games. The *Phantom Game Receiver* only plays content downloaded through the *Phantom Game Service*. The *Phantom Game Receiver* does not use disks, cartridges or other media that can be easily lost, damaged or copied. Instead, content is downloaded in real time to the internal hard drive of the *Phantom Game Receiver* to enable game play.

The primary technical characteristics of the receiver include:

- * Display: Any TV
- * HDTV Compatible
- * Connectivity: Any broadband connection
- * CPU: AMD 32- Bit CPU
- * GPU: NVIDIA graphics processor (NV36)
- * RAM: 256MB
- * Graphics & Audio: DirectX 9 compliant
 - * High-performance – 128MB RAM
 - * Dolby digital 5.1 Channel Audio
- * OS: Windows XP Embedded
- * Hard Drive: 80GB hard drive w/ intelligent cache management
- * Content Install: Streaming install, minimal wait time to play

- * Accessories: Wireless Lapboard and game pad controllers to be sold separately
- * Wide variety of input and output connectors
- * Sophisticated security, digital rights management (DRM) and content encryption
- * Transparent patches and upgrades
- * Client updates add new features to the service
- * Content management keeps games fresh and reliable

The *Phantom Game Service* will be delivered on a hardware and backend platform that makes it possible to securely deliver games directly to consumers over broadband Internet access networks. The *Phantom Game Service* will use hosted infrastructure for content servers, which will store games and other content and provide for e-commerce transactions. Games will be stored in a proprietary, compressed, encrypted store and distributed over a secure, encrypted connection from the Company's servers.

Our executive offices are located at 2033 Main Street Suite 309, Sarasota, Florida 34237. Our Sarasota telephone number is (941) 917-0788 and our website is www.infiniumlabs.com. The information on our website is not part of this Form 10-K. Our product development / engineering offices are located at 1191 2nd Avenue, Suite 500, Seattle, Washington 98101. Our marketing offices are located at 11 Penn Plaza, 5th Floor, New York City, New York 10001.

We currently have 42 full-time employees.

INDUSTRY CHALLENGES

Overview

We have determined that the video game industry, as it is currently structured, has a variety of inherent deficiencies that limit choice and innovation for the game playing public. We have identified four principal deficiencies in the current video game landscape and how they impact publishers, retailers and consumers:

Proprietary Platforms

The three largest game platform manufactures – Sony, Microsoft and Nintendo – limit the choice and availability of games through their proprietary platforms. Game developers must purchase licenses and software development kits from each of these companies to start developing a game for each platform.

Limited Retail Space

Each video game released must compete for a limited amount of retail shelf space. Typically, only top-selling games, usually new releases, are stocked at retail outlets. With three platforms, each game can take three shelf spaces – one for each platform. While some retail outlets stock up to 200 titles, most stock less. Even best-sellers may have only a one-year shelf life at best. Consequently, consumers find limited game selection at retail outlets and have a difficult time finding popular games that are no longer stocked on store shelves.

Limited Profitability

Game publishers pay out development, production, packaging, marketing and retail merchandising costs (including open box returns) from their gross revenues. Typically, even best-selling games produce only a 10-15% profit margin, while more modest selling games may produce little or no profit margin, primarily due to the high costs involved in the current video game distribution model.

Piracy

The wide availability of DVD and CD copying software has eroded the profitability of game software. The industry estimates that seven pirated copies are made from every game sold in DVD or CD-ROM formats.

Impact on Publishers, Retailers and Consumers

The following tables summarize the problems that we have identified with the current video game distribution model:

Publishers	Retailers	Consumers
<ul style="list-style-type: none">■ Production, packaging and retail merchandising costs (including open box returns) limit profitability■ Only best-selling games retain retail shelf life and extended sales life■ Piracy erodes profitability with industry estimates at seven pirated copies for every legal game sold	<ul style="list-style-type: none">■ Limited shelf space means only top-selling games, usually new releases, are stocked at retail outlets■ Low margins on one-time sale of limited number of available games	<ul style="list-style-type: none">■ Limited choice of games■ Have to physically go to store to purchase■ Online multiplayer gaming must be done with players using same platform

INFINIUM OPPORTUNITIES

Overview

Our *Phantom Game Service* is designed to address the four principal deficiencies identified in the current video game distribution model in order to provide the following significant benefits to publishers, retailers and consumers:

Windows-based Platform

The *Phantom Game Receiver* enables consumers to receive games via the *Phantom Game Service*. The *Phantom Game Receiver* and *Phantom Game Service* are compatible with all PC games developed for the Windows operating system – literally thousands of PC games that have been developed over the years.

Unlimited Space for Game Software

The *Phantom Game Service* will be deliver games into customers' living rooms securely over broadband Internet access networks. Our content servers will store all of the games and provide for all e-commerce transactions. There is essentially no limit to the number of games that can be stored and made available to our customers, and as a result, we intend to offer a robust catalog of both new releases and previously released games.

Increased Profitability

The *Phantom Game Service* offers both publishers and developers a content distribution platform that eliminates production, packaging, and retail merchandising costs (including open box returns) from their gross revenues. In addition, both publishers and developers can continue to earn revenues on games that are no longer on retail shelves. The *Phantom Game Service* can offer publishers and developers a virtually unlimited lifespan of revenue earning for each of their PC games.

Closed System Prevents Piracy

The *Phantom Game Service* is a “private” network that runs over any broadband Internet connection. The *Phantom Game Service* can be accessed only by subscribers though the *Phantom Game Receiver*. The *Phantom Game Receiver* is designed as a “closed box” with no removable media and employs a series of authentication protocols. The *Phantom Game Service* and the *Phantom Game Receiver* have been designed to ensure security in order to protect game content from piracy.

Impact on Publishers, Retailers and Consumers

We believe that the on-demand distribution model of the *Phantom Game Service* offers significant benefits to publishers, retailers and consumers:

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Publishers	Retailers	Consumers
<ul style="list-style-type: none">✓ Eliminates production, packaging and retail merchandising costs, increasing profitability✓ Provides incremental revenue from games no longer on retail shelves✓ Prevents piracy with online control of content and no removable media	<ul style="list-style-type: none">✓ Retailers need stock only the Phantom unit itself; no need for shelf space to stock games✓ Retailers receive a percentage of subscription revenue and games purchased over life of subscription	<ul style="list-style-type: none">✓ Instant access to thousands of games on-demand✓ Previews and purchases made from living room✓ Phantom allows online multiplayer gaming with other Phantom users and PC users

CONTENT STRATEGY

We have entered into content agreements with over 20 top PC game publishers and developers, representing over 500 titles for launch, including more than half of the best 50 PC games of all time, as rated by gamerankings.com.

These games will be available for purchase through the *Phantom Game Service* and publishers will receive a percentage of the revenue generated by the sales of these games. We believe that this arrangement represents an extremely attractive proposition for game publishers because there is no additional work required on their part to distribute a game developed for PCs to our subscriber base via the *Phantom Game Service*. With no extra engineering effort or assumed costs, publishers can access a new distribution channel for past, current and future PC games and receive incremental revenues from existing investments.

Because the *Phantom Game Service* does not have the shelf space restrictions faced by traditional software retailers, we expect to offer a much broader range of games than that offered in a traditional retail environment, including a large cross-section of games for families and games for children. Unlike traditional video game consoles, the *Phantom Game Receiver* does not require “exclusive” or platform-specific content in order to operate.

We expect to be able to secure front-line, high-profile game releases from game publishers. Our business model allows both game publishers and retailers to receive the same profit margins for games purchased on the *Phantom Game Service* as they would receive for games purchased at retail. We expect that retailers will support our efforts to secure content from game publishers and that game publishers will view the *Phantom Game Service* as another distribution method for their games. To date, we have been successful in securing front-line, high-profile game release in our content agreements with game publishers.

DISTRIBUTION STRATEGY

We intend to market and sell the *Phantom Game Service*, the *Phantom Game Receiver* and related accessories primarily through retail channels.

Our retail partner program is designed to generate new recurring revenue streams for retailers from the sale of the *Phantom Game Service*. Retailers will receive a percentage of the subscription revenue and games purchased over the life of the subscription in addition to their profit margin from sales of the *Phantom Game Receiver*. We believe that this recurring revenue model is very favorable to retailers when compared to today’s model, where there is no guarantee that the consumer who purchases a console or PC will also purchase games from the same retailer. We are in the process of entering into distribution agreements with prominent retail partners in order to provide the *Phantom Game Service* with nationwide retail coverage.

COMPETITION

Overview

While we are not aware of any direct competitors to our *Phantom Game Service*, we still face indirect competition from other gaming platforms, game developers and distributors and PC gaming services.

Gaming Platforms

The gaming platforms that are most dominant in the market today are Sony PlayStation2, Microsoft Xbox, Nintendo GameCube and PCs. The following is a summary comparison of the strengths and weaknesses we see in each of these systems:

Platform	Strengths	Weaknesses
Personal Computer (PC)	Multi-use platform Large selection of games Best in online gaming Largest installed base Broadband support	Unstable Not powerful enough for gaming demands Typically lacks high-end graphical requirements Pricing (average PC costs \$999)
Sony Playstation	Large selection of games Large install base Price (under \$200) Built-in DVD player	Limited “genre” of game selection Graphics are less impressive than others Online gaming lacking consumer-friendly usability
Microsoft Xbox	Best graphics Broadband support right out of the box Best console for online gaming	Lacks key games Limited genre of games Lack of game selection
Nintendo GameCube	Cheapest console (less than \$100.00) Wider selection of “kids and family” games Strong internally-developed game franchises	Fewest games of all systems Limited number of “adult” games No DVD/CD support Only one online game

The *Phantom Game Service* and *Phantom Game Receiver* are designed to take advantage of the strengths of the PC platform without being subject to the weaknesses inherent in the platform. We believe that the *Phantom Game Service* and *Phantom Game Receiver* will compete with other systems based on the games available for each system, price of the system and games, reputation and convenience. Our ability to compete effectively with these existing platforms will depend heavily on our ability to acquire desirable game content for the *Phantom Game Service* and *Phantom Game Receiver* and to achieve attractive price points.

Game Developers and Distributors

While the *Phantom Game Receiver* competes with other video game consoles, the *Phantom Game Service* also competes with other game developers and distributors. While the *Phantom Game Service* presents an opportunity for distributors of PC games to sell their games through a new channel, we will compete with game developers and distributors whose games are designed for the proprietary platforms of the video game console manufacturers. Because we will initially have a small installed base, developers and distributors of games for the dominant video game consoles may be reluctant to alienate the video game console manufacturers by providing content for the *Phantom Game Service*. Furthermore, although we look at retailers as partners and customers and believe the *Phantom Game Service* offers them a compelling opportunity, some retailers may view us as a competitor because the *Phantom Game Service* will sell games directly to subscribers, where otherwise the retailers might enjoy a direct sales relationship with those customers. Once customers have purchased the *Phantom Game Receiver* and become subscribers to the *Phantom Game Service*, we believe that to remain competitive, we must maintain a software portfolio that is attractive enough to cause subscribers to continue using the *Phantom Game Service* rather than switching to another platform.

PC Game Services

The past several years have seen the introduction of on-demand gaming services on the PC. These services include Yahoo! Games, Comcast Games on Demand and RealNetworks' RealArcade, as well as other services from or enabled by such companies as Exent Technologies, Trymedia Systems and Stream Theory. We believe that these services complement our offering and legitimize the category of games-on-demand, but are restricted by the limitations of the PC as an entertainment platform, by concerns over PC-based piracy and by reluctance on the part of game publisher to distribute their newest games online due to perceived channel conflicts with traditional retail.

INTELLECTUAL PROPERTY STRATEGY

We will rely on a combination of patent, copyright, trademark and trade secret laws, as well as confidentiality procedures and contractual restrictions, to establish and protect our intellectual property rights.

With respect to patents, we intend to protect all aspects of technologies associated with the make and use of the *Phantom Game Service* and *Phantom Game Receiver* through both design and utility patent applications in the United States and potentially in other countries in which we intend to market our products and services. The *Phantom Game Service* and *Phantom Game Receiver* will also utilize proprietary software that we develop.

We are pursuing federal registration of our trademarks and service marks in the United States with the U.S. Patent and Trademark Office. We have applied for registration of the marks INFINIUM LABS, INFINIUM LABS (with Infinity Design), PHANTOM, PHANTOM (with Helmet Design), the Phantom Helmet Design No. 1, the Phantom Helmet Design No. 2, BLACK KNIGHT, BLACKNIGHT, VIRTUAL PRIVATE GAME NETWORK, VPGN, PAY PER PLAY, BUILT BY GAMERS FOR GAMERS and ANY GAME, ANY TIME. The trademark and service mark applications were filed for use in connection with either or both "interactive computer game consoles" in International Class 9, and/or "entertainment services, namely, providing interactive computer gaming network that allows end-users to demo, rent, purchase and play computer games" in International Class 41.

Although we do not believe that our trademarks or service marks infringe the rights of third parties, third parties have in the past asserted, and may in the future assert, trademark infringement claims against us which may result in costly litigation or which require us to either settle or obtain a license to use third-party intellectual property rights.

PLAN OF OPERATION

Business Objectives

We are currently in the development stage of operations and expect to be in that mode for at least the next three to six months. Our goal is to commence the launch of the *Phantom Game Service* in the second quarter of 2005. Our primary mission is to revolutionize the video game industry with an innovative combination of gaming hardware, software and secure online digital distribution.

We intend to pursue product development and marketing activities, concentrating primarily on the creation of the *Phantom Game Service* and on generating consumer demand. We are in the latter stages of negotiations with PC component suppliers and contract manufacturers to provide engineering support services, necessary parts and fabrication and assembly of hardware units. We are also in the latter stages of negotiations with data center operators to host our servers and with other providers to perform our customer support functions. Consistent with our business strategy, we have entered into a development agreement with respect to the engineering and industrial design of the *Phantom Game Service*.

We have identified a core group of potential customers/distribution partners for the *Phantom Game Service* and *Phantom Game Receiver* and continue to meet with these potential partners on a regular basis. We expect to announce some of our distribution partners during the first quarter of 2005.

Our goal is to enter into distribution arrangements with several or more of these parties whereby each partner will purchase the *Phantom Game Receiver* through a purchase order process and resell the systems to their customers. In exchange, these partners will receive a share of the recurring subscription and/or software sales/rental revenues.

In keeping with our goal to develop a vast library of available games, we have entered into agreements with over 20 publishers, including Vivendi Universal Games, Atari Inc., Riverdeep and Eidos, to supply content. We currently are in negotiations with many other major game publishers with which we expect to build similar content-supplying relationships.

Cash Requirements

We estimate that based on our current business strategy, we will have operating cash requirements over the next twelve months of approximately \$22,200,000. We estimate we will need approximately \$11,500,000 to launch the *Phantom Game Service* and sell the first 10,000 units of the *Phantom Game Receiver*, as follows:

Operating expenses, including employee salaries and benefits, office expenses, rent expense, legal and accounting, financing fees, publicity, investor relations, net of payables.....	\$3,600,000
Marketing.....	3,100,000
Manufacturing of Inventory (Net of Revenues).....	3,600,000
Capital Expenditures.....	1,200,000
Total Cash Requirements.....	<u>\$11,500,000</u>

After launch, we estimate that we will need approximately \$10,700,000 to achieve cash flow break-even, as follows:

Operating expenses, including employee salaries and benefits, office expenses, rent expense, legal and accounting, financing fees, publicity, investor relations, net of payables.....	\$11,200,000
Marketing.....	17,100,000
Manufacturing of Inventory (Net of Revenues).....	(18,100,000)
Capital Expenditures.....	<u>500,000</u>
Total Cash Requirements.....	<u>\$10,700,000</u>

Our estimate of operating expenses represents the expenditures we anticipate incurring in the operation of our business. Our estimated operating expenses for the next 16 months includes \$7,600,000 of employee salaries and corresponding benefits.

We will seek to increase consumer demand for the *Phantom Game Service* through a number of significant marketing programs, ranging from traditional paid advertising to sponsorships and publicity. To that end, we have entered into a marketing agreement to assist with the marketing of and placement of sponsorships for the *Phantom Game Service*. We maintained a significant presence at the 2004 Electronic Entertainment Expo (E3), which was held May 12-14, 2004, at the Los Angeles Convention Center. This event is the preeminent annual sales conference for the video game industry, and we showcased the *Phantom Game Receiver* and *Phantom Game Service* during this event. We estimate that our marketing plan will require approximately \$20,200,000 over the next 16 months, dedicated to the following activities:

Marketing, Promotions & Channel.....	\$8,900,000
Advertising.....	6,900,000
Printing, Reproduction and Website.....	3,300,000
Trade Shows.....	<u>1,100,000</u>
Total.....	<u>\$20,200,000</u>

Our current strategic plan does not indicate a need for material capital expenditures in the conduct of marketing or distribution activities. Advertising costs are expensed either in the periods in which those costs are incurred or the first time the advertising takes place. We currently employ 6 full-time individuals for marketing, distribution and content acquisition.

Sources of Capital

As of September 30, 2004, we had cash on hand of \$20,991, which represents the remaining proceeds from the sale of common stock during 2004 for aggregate proceeds of \$3,589,987 and from bridge financing transactions completed during 2004 in an aggregate amount of \$8,192,260.

We have retained SG Capital to assist us in raising capital and we are currently in negotiations with a number of parties to raise capital. If we are unsuccessful in raising capital or we do not launch the *Phantom Game Service* when currently planned, we will need to curtail our proposed spending.

We intend to pursue negotiations with our bridge lenders to convert their notes to equity in order to reduce our debt service expense.

ITEM 3. Controls and Procedures

Based on their evaluation at September 30, 2004, our principal executive officer and principal financial officer, with the participation and assistance of our management, concluded that our disclosure controls and procedures as defined in Rules 13a-15(e) promulgated under the Securities Exchange Act of 1934, were effective in design and operation. There have been no changes in our internal controls over financial reporting that occurred during the quarter ended September 30, 2004 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II - OTHER INFORMATION

Item 1.

Legal Proceedings:

Not applicable.

Item 2.

Changes in Securities and Small Business Issuer Purchase of Equity Securities:

On January 5, 2004, the Company issued 75,399,220 shares of common stock as merger consideration to the former stockholders of Infinium Labs Operating Corporation. These shares were issued in a transaction exempt from the Securities Act of 1933, as amended (the "Securities Act"), pursuant to Rule 506 of Regulation D promulgated thereunder based on the following facts (the "Rule 506 Conditions"):

- (i) the securities were sold only to accredited investors;
- (ii) the securities were not offered by any form of general solicitation or general advertising;
- (iii) each investor had represented that such investor was acquiring the securities for such investor's own account for investment; and
- (iv) the securities were issued with restrictive legends.

On January 7, 2004, the Company issued 2,290,000 shares of common stock to eight investors in a private placement for consideration of \$0.25 per share. These shares were issued in a transaction exempt from the Securities Act pursuant to Rule 506 of Regulation D promulgated thereunder based on the fact that they were issued in compliance with the Rule 506 Conditions.

Also on January 7, 2004, our Board of Directors declared a stock dividend of 4 shares of common stock for each share of common stock outstanding on January 19, 2004 (the "Record Date"). The stock dividend was payable on the Record Date to holders of record of common stock as of the Record Date.

On January 22, 2004, the Company issued 4,360,000 shares of common stock to 32 investors in a private placement for consideration of \$0.25 per share. These shares were issued in a transaction exempt from the Securities Act pursuant to Rule 506 of Regulation D promulgated thereunder based on the fact that they were issued in compliance with the Rule 506 Conditions.

On February 12, 2004, the Company borrowed \$1.4 million under a 15% secured debenture for a maximum term of 12 months. As additional consideration, the Company issued to the holder 80,000 shares of common stock. These transactions were exempt from registration under Section 4(2) of the Securities Act because they did not involve any public offering.

On February 23, 2004, the Company borrowed \$1.0 million under a 12% secured subordinated debenture for a maximum term of 12 months. As additional consideration, the Company issued to the holder 80,000 shares of common stock. These transactions were exempt from registration under Section 4(2) of the Securities Act because they did not involve any public offering.

On February 27, 2004, the Company borrowed \$500,000 under a 12% secured subordinated debenture for a maximum term of 12 months. As additional consideration, the Company issued to the holder 80,000 shares of common stock. These transactions were exempt from registration under Section 4(2) of the Securities Act because they did not involve any public offering.

On March 30, 2004, the Company issued 66,668 shares of common stock to a single claimant as consideration for the settlement of a lawsuit. This transaction was exempt from registration under Section 4(2) of the Securities Act because it did not involve any public offering. We subsequently issued 33,332 in final settlement of this lawsuit.

On March 30, 2004, the Company issued 1,750,000 shares of common stock to six service providers in exchange for services. These transactions were exempt from registration under Section 4(2) of the Securities Act because they did not involve any public offering.

On April 7, 2004, the Company borrowed \$500,000 under a 15% promissory note which is payable on December 15, 2004. As additional consideration, the Company issued 200,000 shares of our restricted common stock valued at \$1.42 per share. These transactions were exempt from section 4(2) of the Securities Act.

During 2004, the Company issued 40,000 shares of common stock for cash of \$100,000 (\$2.50 per share). These transactions were exempt from registration under Section 4(2) of the Securities Act because they did not involve any public offering.

On May 7, 2004, the Company borrowed \$250,000 under a 15% promissory note, which is payable on September 15, 2004. As additional consideration, the Company issued 100,000 shares of our restricted common stock valued at \$1.475 per share. These transactions were exempt from registration under section 4(2) of the Securities Act because they did not involve any public offering.

On May 19, 2004, the Company borrowed \$1,167,260 under a 15% secured convertible debenture for a maximum term of one year valued at \$1.47 per share for financial reporting purposes. As additional consideration, the Company issued 1,645,850 shares of our restricted common stock. These transactions were exempt from registration under section 4(2) of the Securities Act because they did not involve any public offering.

On May 24, the Company issued 279,260 shares of common stock for services with a fair value of \$446,816 valued at \$1.60 per share for financial reporting purposes. These transactions were exempt from registration under Section 4(2) of the Securities Act because they did not involve any public offering.

On May 25, 2004, the Company issued 600,000 shares of our restricted common stock for services valued at \$1.44 per share for financial reporting purposes. This transaction was exempt from registration under section 4(2) of the Securities Act because it did not involve any public offering.

On May 25, 2004, the Company issued 200,000 shares for services at \$1.44 per share for financial reporting purposes. This transaction was exempt from registration under section 4(2) of the Securities Act because it did not involve any public offering.

On May 25, 2004, the Company issued 30,000 shares of our restricted common stock for services valued at \$1.44 per share for financial reporting purposes. This transaction was exempt from registration under section 4(2) of the Securities Act because it did not involve any public offering.

On May 28, 2004, the Company borrowed \$350,000 under a 15% promissory note, which was payable on August 2, 2004. As additional consideration, the Company issued 33,000 shares of our restricted common stock for financial reporting purposes. These transactions were exempt from registration under section 4(2) of the Securities Act because they did not involve any public offering.

On June 4, 2004, the Company borrowed \$825,000 under a 15% secured convertible promissory note, which was payable no later than June 3, 2005. As additional consideration, the Company issued 511,000 shares of our restricted common stock valued at \$1.475 per share. We subsequently issued 74,999 shares valued at \$1.475 per share as a penalty for our failure to profile a timely registration statement under the terms of our agreement. These transactions were exempt from registration under section 4(2) of the Securities Act because they did not involve any public offering.

On June 4, 2004, the Company issued 20,000 shares of our restricted common stock valued at \$1.42 per share, in settlement of litigation. This transaction was exempt from registration under section 4(2) of the Securities Act because it did not involve any public offering.

On June 18, 2004, the Company issued 440,000 shares of our restricted common stock valued at \$0.92 per share in settlement of litigation. This transaction was exempt from registration under section 4(2) of the Securities Act because it did not involve any public offering.

On June 21, 2004, the Company borrowed \$1,500,000 under a 15% promissory note, which was payable no later than June 22, 2004. As additional consideration, the Company issued 135,000 shares of our restricted common stock valued at \$1.13 per share. These transactions were exempt from registration under section 4(2) of the Securities Act because they did not involve any public offering.

On June 30, 2004, the Company issued 100,000 shares of our restricted common stock for services valued at \$1.475 per share. This transaction was exempt from registration under section 4(2) of the Securities Act because it did not involve any public offering.

On July 28, 2004, the Company borrowed \$500,000 under a 15% promissory note which is payable on July 28, 2005 and was guaranteed by a Director. As consideration for the Director's personal guaranty of note, the Company issued the Director 800,000 shares of common stock having a fair value of \$832,000 (\$1.04 per share). This transaction was exempt from registration under section 4(2) of the Securities Act because it did not involve any public offering.

During August 2004, the Company issued 1,000,000 shares to consultants for real estate service with a fair value of \$1,130,000 (\$1.13 per share). This transaction was exempt from registration under section 4(2) of the Securities Act because it did not involve any public offering.

During August 2004, the Company issued 21,460 shares to a consultant for services with a fair value of \$13,734 (\$0.64 per share). This transaction was exempt from registration under section 4(2) of the Securities Act because it did not involve any public offering.

During August, 2004, the Company issued 200,000 shares to a consultant for financial services with a fair value of \$122,000 (\$0.61 per share). This transaction was exempt from registration under section 4(2) of the Securities Act because it did not involve any public offering.

During August 2004, the Company issued 36,000 shares to a consultant for engineering services with a fair value of \$21,420 (\$0.60 per share). This transaction was exempt from registration under section 4(2) of the Securities Act because it did not involve any public offering.

During 2004, the Company issued 1,933,224 shares to consultants for various consulting services (\$0.60 per share). This transaction was exempt from registration under section 4(2) of the Securities Act because it did not involve any public offering.

On August 26, 2004, the Company issued 100,000 shares of common stock for \$200,000 (\$2.00 per share). This transaction was exempt from registration under section 4(2) of the Securities Act because it did not involve any public offering.

On September 30, 2004, the Company issued 300,000 to employees with a fair value of \$99,000 (\$0.33 per share). This transaction was exempt from registration under section 4(2) of the Securities Act because it did not involve any public offering.

During 2004, the Company issued 1,900,400 shares of common stock for \$475,000 (\$0.25 per share). In connection with this transaction, the Company issued 2,022,900 warrants to purchase common stock exercisable at a price of \$0.25. This transaction was exempt from registration under Section 4(2) of the Securities Act because it did not involve a public offering.

On October 8, 2004, the Company issued 40,000 for to an employee with a fair value of \$20,000 (\$0.50 per share). This transaction was exempt from registration under Section 4(2) of the Securities Act because it did not involve a public offering.

On October 18, 2004, the Company issued 100,000 to an employee with a fair value of \$38,000 (\$0.38 per share). This transaction was exempt from registration under Section 4(2) of the Securities Act because it did not involve a public offering.

On October 21, 2004, the Company issued 50,000 for financial services with a fair value of \$15,500 (\$0.31 per share). This transaction was exempt from registration under Section 4(2) of the Securities Act because it did not involve a public offering.

On October 21, 2004, the Company issued 800,000 for marketing services with a fair value of \$232,000 (\$0.29 per share). This transaction was exempt from registration under Section 4(2) of the Securities Act because it did not involve a public offering.

During 2004, the Company issued 300,000 shares of stock to its CEO for services with a fair value of \$115,500 (\$0.385 per share). The company also issued 200,000 shares of stock to its President for services with a fair value of \$77,000 (\$0.385 per share).

During 2004, the Company issued 1,748,264 shares to contractors for services with a fair value of \$605,242 (\$0.3462 per share).

During 2004, the Company issued 2,162,102 shares to employees for services with a fair value of \$832,409 (\$0.385 per share).

On October 20, 2004, the Company issued 500,000 shares of common stock with a fair value of \$185,000 as additional consideration for a note payable. The fair value of the stock was allocated from the total proceeds received on the note payable and the resulting discount on the note payable will be amortized over the life of the note (\$0.37 per share). This transaction was exempt from registration under Section 4(2) of the Securities Act because it did not involve a public offering.

On October 27 2004, the Company issued 500,000 shares of common stock with a fair value of \$145,000 as additional consideration for a note payable. The fair value of the stock was allocated from the total proceeds received on the note payable and the resulting discount on the note payable will be amortized over the life of the note (\$0.29 per share). This transaction was exempt from registration under Section 4(2) of the Securities Act because it did not involve a public offering.

Item 3.

Defaults upon Senior Securities:

None.

Item 4.

Submission of Matters to a Vote of Security Holders:

By written consent dated March 15, 2004, stockholders owning more than a majority of the issued and outstanding shares of common stock of the Company authorized and approved a Certificate of Amendment to our Certificate of Incorporation without a meeting. The Certificate of Amendment was filed on May 5, 2004 and: (1) increased the number of shares of common stock the Company are authorized to issue from 50,000,000 shares to 200,000,000 shares, and (2) effected a four-for-one stock split of our outstanding common stock.

Item 5.

Other Information:

None.

Item 6.
Exhibits and Reports on Form 8-K:

(a) Exhibits:

Exhibit No.	Exhibit Description	Location
2-1	Agreement and Plan of Merger dated as of Filed herewith December 24, 2003 by and among Global Business Resources, Inc., Global Infinium Merger Sub, Inc., Infinium Labs Corporation and Peter J. Goldstein	Incorporated by Reference to Exhibit 2-1 to Form 8-K filed with the SEC on January 20, 2004
3-1	Certificate of Incorporation	Incorporated by Reference to Exhibit 3-0 to Form SB-2 (Registration No. 333-67990) filed with the SEC on August 20, 2001
3-2	Certificate of Amendment of Certificate of Incorporation	Incorporated by reference to Exhibit 3-2 to the Company's Form 10-KSB for the year ended December 31, 2003 (the "Form 10-KSB")
3-3	Certificate of Amendment of Certificate of Incorporation	Incorporated by reference to Exhibit 3-4 to the Form 10-KSB
3-4	By-laws	Incorporated by reference to Exhibit 3-4 to the Form 10-KSB
4-1	Stock Purchase Agreement dated as of January 22, 2004 between Infinium Labs, Inc. and SBI Brightline VI, LLC	Incorporated by reference to Exhibit 4-1 to Form 8-K filed with the SEC on January 26, 2004
4-2	Stock Purchase Agreement dated as of January 22, 2004 between Infinium Labs, Inc. and Infinium Investment Partners, LLC	Incorporated by reference to Exhibit 4-2 to Form 8-K filed with the SEC on January 26, 2004
4-3	Form of Subscription Agreement between Infinium Labs, Inc. and certain stockholders of Infinium Labs, Inc.	Incorporated by reference to Exhibit 4-3 to the Form 10-KSB
10-1	12% Secured Subordinated Debenture between the Company and Contare Ventures, LLC, dated February 23, 2004	Incorporated by reference to Exhibit 10-1 to the Form 10-QSB filed with the SEC on August 23, 2004
10-2	12% Secured Subordinated Debenture between the Company and Gary Kurfirst, dated February 23, 2004	Incorporated by reference to Exhibit 10-2 to the Form 10-QSB filed with the SEC on August 23, 2004
10-3	15% Secured Debenture between the Company	Incorporated by reference to

	and James Beshara, dated February 12, 2004	Exhibit 10-3 to the Form 10-QSB filed with the SEC on August 23, 2004
10-4	15% Secured Debenture between the Company and Ronald Westman, dated April 7, 2004	Incorporated by reference to Exhibit 10-4 to the Form 10-QSB filed with the SEC on August 23, 2004
10-5	15% Secured Subordinated Debenture between the Company and James Beshara, dated May 7, 2004	Incorporated by reference to Exhibit 10-5 to the Form 10-QSB filed with the SEC on August 23, 2004
10-6	15% Secured Debenture between the Company and Ronald Westman, dated May 7, 2004	Incorporated by reference to Exhibit 10-6 to the Form 10-QSB filed with the SEC on August 23, 2004
10-7	Pledge Agreement between Robert F. Shambro in favor of Phoenix Capital Opportunity Fund, dated May 12, 2004	Incorporated by reference to Exhibit 10-7 to the Form 10-QSB filed with the SEC on August 23, 2004
10-8	Promissory Note between the Company and Sharon M. Beshara, dated May 18, 2004	Incorporated by reference to Exhibit 10-8 to the Form 10-QSB filed with the SEC on August 23, 2004
10-9	15% Secured Subordinated Debenture between the Company and SBI USA, LLC, dated May 28, 2004	Incorporated by reference to Exhibit 10-9 to the Form 10-QSB filed with the SEC on August 23, 2004
10-10	Commercial Promissory Note between the Company and Video Associates, LLC, dated June 2004	Incorporated by reference to Exhibit 10-10 to the Form 10-QSB filed with the SEC on August 23, 2004
10-11	Amended and restored convertible secured promissory note dated, June 16, 2004, between the Company and Phantom Investors, LLC	Incorporated by reference to Exhibit 10-11 to the Form 10-QSB filed with the SEC on August 23, 2004
10-12	Note between the Company and Digital Interactive Streams, Inc., dated August 3, 2004	Incorporated by reference to Exhibit 10-12 to the Form 10-QSB filed with the SEC on August 23, 2004
10-13	Employee Stock Ownership	Incorporated by reference to Exhibit 10-13 to the Form 10-QSB filed with the SEC on August 23, 2004
10-14	Promissory Note between the Company and Richard Angelotti, dated August, 2004	Incorporated by reference to Exhibit 10-13 to the Form 10-QSB filed with the SEC on August 23, 2004
10-15	10% Secured Promissory Note between the	Incorporated by reference to

	Company and Hazinu Ltd., dated October 20, 2004	Exhibit 4-2 to Form 8-K filed with the SEC on October 29, 2004
10-16	10% Secured Promissory Note between the Company and JM Investors, LLC, Fenmore Holdings, LLC, Viscount Investments Limited and Congregation Mishkan Sholom, dated October 27, 2004	Incorporated by reference to Exhibit 4-6 to Form 8-K filed with the SEC on October 29, 2004
31-1	Rule 13a-14(a) Certification of Chief Executive Officer	Filed herewith
32-1	Section 1350 Certification	Filed herewith

(b) Reports on Form 8-K:

Current Report on Form 8-K on January 20, 2004 regarding the change in control of the Company as a result of the Merger.

Current Report on Form 8-K on January 22, 2004 regarding Stock Purchase Agreement with each of SBI Brightline VI, LLC and Infinium Investment Partners, LLC.

Current Report on Form 8-K on March 22, 2004 and amended on November 9, 2004 amending Current Report on Form 8-K dated January 5, 2004, filed on January 20, 2004, to amend Item 7 to include the financial statements of the business acquired and the pro forma financial information required by Item 7 of Form 8-K.

Current Report on Form 8-K on September 24, 2004 regarding Company moving the launch of its Phantom Game Service to 2005.

Current Report on Form 8-K on October 28, 2004 and amended on October 29, 2004 regarding Bridge Loan Agreement with Hazinu Ltd. and the Bridge Loan Agreement with and JM Investors, LLC, Fenmore Holdings, LLC, Viscount Investments Limited and Congregation Mishkan Sholom

Current Report on Form 8-K on November 9, 2004 regarding changes in Company's Certifying Accountant.

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: November 22, 2004
INFINIUM LABS, INC.

/s/ Timothy M. Roberts
By:

Timothy M. Roberts, Chairman and Chief Executive Officer
and Acting Chief Financial Officer

Exhibit 31

CERTIFICATE OF CHIEF EXECUTIVE OFFICER

I, Timothy M. Roberts, Chairman and Chief Executive Officer of Infinium Labs, Inc. (the “small business issuer”), certify that:

1. I have reviewed this quarterly report on Form 10-QSB, for the quarter ending September 30, 2004, of Infinium Labs, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of and for the periods presented in this quarterly report;
4. The small business issuer’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) evaluated the effectiveness of the small business issuer’s disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and
 - (c) disclosed in this quarterly report any change in the small business issuer’s internal control over financial reporting that occurred during the small business issuer’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuer’s internal control over financial reporting; and
5. The small business issuer’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer’s auditors and the audit committee of the small business issuer’s board of directors (or persons performing the equivalent function):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer’s ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer’s internal control over financial quarterly reporting.

/s/ Timothy M. Roberts

Timothy M. Roberts

Chairman and Chief Executive Officer and Acting Chief Financial Officer

November 22, 2004

Exhibit 32

THE FOLLOWING CERTIFICATION ACCOMPANIES THE ISSUER'S QUARTERLY REPORT ON FORM 10-QSB AND IS NOT FILED, AS PROVIDED IN ITEM 601(b)(32)(ii) OF REGULATION S-B PROMULGATED BY THE SECURITIES AND EXCHANGE COMMISSION.

CERTIFICATION PURSUANT TO 18 U.S.C SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Infinium Labs, Inc. (the "Company") on Form 10-QSB (the "Report") for the quarter ended September 30, 2004 as filed with the Securities and Exchange Commission on the date hereof, I, Timothy M. Roberts, Chief Executive Officer and Acting Chief Financial Officer, of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of our knowledge:

- 1.The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2.The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Timothy M. Roberts

Timothy M. Roberts
Chief Executive Officer and
Acting Chief Financial Officer
November 22, 2004